

more and more lost sight of, that even in the age of steam, time must remain an essential factor in every process of development." It no longer seemed absurd to project railways into the wilderness, in the confident belief that they would open up new countries and create traffic where none existed. Immigration lent its aid to the natural growth of population, and the American people, under these combined influences, "worked themselves deeper and deeper into the delusion that the fancy could scarcely keep pace with the reality, and were thus led to mould the reality in their minds in accordance with what imagination pictured to them."<sup>1</sup>

There were signs of a tight money market in both the United States and England for several years before 1857. Bad crops and the diminution of foreign investments caused uneasiness among the Western banks as early as the summer of 1853. They drew heavily upon their balances in New York to replace the capital sunk in railway enterprises, and

<sup>1</sup> Von Hoist, VI., 104. It was argued at the time of the panic of 1857, and has been maintained since, that the crash was caused by the low tariff of 1846, which led to large exports of specie to make payments for foreign goods and drained the country of metallic money. Mr. Rhodes, who will not be accused of partiality to the administration of either Polk or Buchanan, says that "in this reasoning cause and effect are confused, and in part, at least, inverted. It was the export of specie which increased the importations of merchandise, and not the importations of merchandise which increased the export of specie." He shows that during the nine years ending June 30, 1857, the excess of the exports of specie over imports was \$1271,000,000, and that during the same period there was a production of gold in the United States of about \$477,500,000, leaving a net increase of specie of about \$206,000,000. The net increase in specie in circulation shown by the Treasury estimates during this period was only \$148,000,000, the remainder having been absorbed in the arts, but this amount was more than sufficient for American monetary uses, and such export of specie as occurred probably tended to restrain speculation rather than stimulate it. Mr. Rhodes expresses his obligations for this part of his history to Prof. Edward G. Bourne of Adelbert College. —History of the United States, III., 51-52. Prof. Max Wirth, the eminent German historian of economic crises, makes no mention of the tariff among the causes of the crisis of 1857.